

Message Text

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PAGE 01 NEW DE 10525 261152Z
ACTION NEA-10

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FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
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R 260942Z JUL 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 4970
INFO AMEMBASSY LONDON
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

UNCLAS NEW DELHI 10525

E.O. 11652: N/A
TAGS: EFIN IN
SUBJECT: INDIA'S FOREIGN EXCHANGE RESERVES

REF: NEW DELHI 8398

1. WE HAVE MADE MAJOR REVISIONS IN OUR ESTIMATES OF FOREIGN EXCHANGE HOLDINGS, AND THUS OVERALL RESERVE HOLDINGS, IN APRIL AND MAY. THIS IS IN LARGE PART DUE TO THE PURCHASE OF APPROXIMATELY DOLS 270 MILLION WORTH OF BONDS OFFERED BY THE BANK OF ENGLAND TO HOLDERS OF SIGNIFICANT STERLING BALANCES. PRIOR TO RECEIPT OF APRIL AND MAY FIGURES FROM THE RESERVE BANK OF INDIA(RBI) WE WERE NOT AWARE OF INDIA'S PURCHASE OF THESE BONDS. THIS INFORMATION OF THE BOND PURCHASE HAS BEEN CONFIRMED TO US BY THE FINANCE MINISTRY.

2. INDIA'S TOTAL RESERVES WERE DOLS 3,747 MILLION AS OF END-MARCH 1977 AND ARE ESTIMATED BY THE EMBASSY TO BE DOLS 4,586 MILLION AS OF END-JUNE 1977. AT THE END OF
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PAGE 02 NEW DE 10525 261152Z

JUNE 1977, BORROWINGS FROM IMF WERE DOLS 474 MILLION.

3. INDIAN RESERVES ARE AS FOLLOWS: (DOLS MILLION)

FOREIGN	TOTAL	USE OF	NET
EXCHANGE A/	GOLD B/	SDRS C/	RESERVES FUND RESERVES
		CREDITD/	

MARCH1977 3,240 290 217 3,747 471 3,276

APRIL1977(EST.) 3,632 291 212 4,135 472 3,663

MAY 1977(EST.) 3,933 290 209 4,432 472 3,960

JUNE1977(EST.) 4,085 291 210 4,586 474 4,112

A/ RUPEE-DOLLAR CONVERSION RATE WAS DERIVED BY MULTIPLYING
END-MONTH DOLS/STERLING MID-RATE BY RUPEES/STERLING MID
RATE AND WAS AS FOLLOWS: RS. 8.84 END-MARCH, APRIL, MAY
AND JUNE 1977.

B/ WHILE GOLD HOLDINGS OF THE RESERVE BANK OF INDIA
REMAINED CONSTANT AT RS. 1.88 BILLION, ITS VALUE IN DOLLARS
IS DETERMINED BY US. DOLS/SDR RATE AT THE END OF EACH
MONTH.

C/ FIGURES IN DOLLARS FOR MARCH-MAY 1977 TAKEN FROM JULY
1977 INTERNATIONAL FINANCIAL STATISTICS (IFS). THE DOLLAR
VALUE FOR JUNE 1977 REFLECTS THE CHANGE IN THE US. DOLS/SDR
RATE ASSUMING NO CHANGE IN THE NUMBER OF SDRS HELD BY INDIA
SINCE END-MAY 1977.

D/ USE OF FUND CREDIT IN SDRS WAS 406.3 MILLION END-MARCH,
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PAGE 03 NEW DE 10525 261152Z

END-APRIL AND END MAY 1977. THE DOLLAR FIGURE FOR END-JUNE 1977
REFLECTS THE CHANGE IN THE US. DOLS/SDR RATE ASSUMING NO CHANGE
IN THE NUMBER OF SDRS HELD SINCE END-MAY 1977. DOLLAR/SDR
CONVERSIONS BASED ON END-MONTH DOLS/SDR RATE AS FOLLOWS:
DOLS 1.15916 END-MARCH, DOLS 1.16221 END-APRIL, DOLS 1.16162
END-MAY, AND DOLS 1.16587 END-JUNE 1977.GOHEEN

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Disposition Approved on Date:
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